

Our Irrational Distribution of Wealth

CHAPTER I

INTRODUCTION

MEN have learned how to make valuable things and how to make things valuable, but they have not yet solved the problem of the ownership of things. In economic language they have solved the problem of the production of wealth, but they do not know the rudiments of its distribution. Those who have had the advantage in distribution have always secured the lion's share for themselves. While hand processes prevailed, in comparison with the shares of others this share was not so great as in this modern industrial age, since a larger percentage of the total product was given

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as compensation for services. But when machine processes were introduced the lion's share increased enormously because machines work faster than men and do not get wages, and hence because the percentage of total product given in the form of wages to the reduced number of men was much smaller. When the lion's share increased to millions and the number of lions seemed to be unduly large the seriousness of the labor problem arrested attention. Investigation revealed the fact that while the wealth produced was being concentrated, a poverty problem was being forced upon society; that where the greatest wealth was found, there was found also the greatest poverty. When these conditions were recognized a change was demanded, both by those who were suffering from them, and by others who were influenced by their sense of justice.

The purpose of all reform movements is in the last analysis the correction of some evil or injustice resulting from ownership of the world's wealth. All true reforms are aimed wholly or in part at laws and institutions which determine this ownership, or at conditions resulting from it. Rockefellers,

Carnegies, Vanderbilts, and Astors are products of these conditions. They are not to blame for being multi-millionaires. They could n't help it. Society has produced them through certain institutions which it has without design established and perpetuated. Permanent improvement cannot be accomplished by jailing these men. The roots of the evils which reformers seek to correct run back into institutions which existed long before there were any Astors or Vanderbilts, Carnegies or Rockefellers. The fact that millionaires have been made in larger numbers than formerly is not due to any change in the method of making them. The same old method used for centuries is still used. But the old method produces different results under different conditions. It is a method of distribution of wealth, not of its production. Through it millionaires and paupers are produced at the same time. It has been in vogue a thousand years, but in recent years the methods of producing wealth have been revolutionized, so that the amount produced in proportion to the number of workers engaged in producing it is enormously increased. The antiquated

method of dividing what is produced gives each workman substantially the same as formerly and produces millionaires out of the balance. Furthermore the methods of conducting business enterprises have also been revolutionized. In the early part of the last century, the rule was the small business owned and controlled by one man. This was followed by the partnership in which two, or at most very few men combined their capital and conducted a business in which each shared in profits and losses according to the amount of his capital. The demand for larger amounts of capital for the conduct of still larger business enterprises continued to increase. When the number of partners increased beyond a certain point, the partnership fell to pieces from lack of harmony. The genius for invention produced the modern corporation to take its place. As these new business organizations adapted to supply modern demand for great aggregations of capital increased in number and power, competition among them rapidly increased also, until its wastes were so enormous that the directors of competing corporations saw that their interests were in combination.

This has led to the final stage, that of monopoly, where, in all important lines of productive enterprises, combination has taken place and monopolistic power in some degree has been secured.

The old method of dividing the products of industry, never fit for use in any age, is totally unfit for our day after so complete a revolution in the methods of producing and in the methods of conducting business. The method of dividing must also be revolutionized. In the following pages no discussion of any theory of distribution will be found. Some things are said about distribution; an effort is made in untechnical language to show how men in actual practice divide among themselves the valuable things which they produce, together with what nature gives them; merely a statement of facts and their bearing, together with some suggestions pointing towards improvement. Before we undertake this statement, it will be advantageous to take a cursory glance at the ways and means of producing wealth, at the sources from which wealth comes into being.